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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

COUNTRY Austria

DATE 25X1A6a

SUBJECT Notes on USIVA

INFO. [REDACTED]

DIST. 11 July 1947

ORIGIN 25X1A6a

PAGES

25X1X6

SUPPLEMENT

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1. One of the principal factors influencing Soviet attempts to retain control of each individual Austrian commercial enterprise as long as possible is the fact that Russian officials of USIVA are making large amounts of money "on the side". The Russians have exported a tremendous quantity of goods from Austria for the personal enrichment of a number of USIVA officials, including General Borisov.
2. Only a portion of the goods actually reaches Russia. Of the entire amount produced by the Soviet-seized textile factories in Austria, only 18,000 meters of red flag material and 23,000 meters of artificial silk were actually transported to the USSR. Much of the remaining material was sold through private transactions. Source believes that Moscow is misinformed by USIVA officials and is unaware of the extent of their personal business transactions.
3. With regard to the discussions of the Four-Power Commission now meeting in Vienna, source assumes that the Russians will return a number of Austrian factories and will promise to make the remaining plants subject to Austrian laws on management, import-export limitations, and foreign exchange, but not to nationalization. He also stated that the Russians will keep the former German shares in Austrian companies as their own. (Comment: If this is conceded to the Soviets, the unequal capital capacity of two partners would lead to Soviet control of the Austrian factories within a few years).

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DDA Memo. 4 Apr 77
Auth: DDA REG. 77/1763
Date: 21 Apr 77 By: 021

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